



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

Larry E. Craig, Chairman
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Committee's Potency at Risk

**Senate Debating Largest Entitlement Reform
in History Without Input from
Finance Committee**

"One of the highest honors that can come to a member of the U.S. Senate is to serve on the Committee on Finance. The Committee on Finance has since its creation been associated with some of the most significant and most controversial issues in U.S. history."

--Robert J. Dole

The above quote from the former Senate Majority Leader and chairman of the Finance Committee is posted on the front page of that committee's website. Bold words for the current chairman to be featuring – considering the limited role his committee had with the current debate over Medicare. After all, Medicare since its inception in 1965 has been firmly within the purview of that Senate committee.

Today's Medicare reform effort is surely one of the most ambitious ever to come before the Senate. We can only imagine how former Finance Chairmen whose tenure encompassed the Medicare years, from Senator Grassley to Harry F. Byrd of Virginia, would react to today's Senate floor debacle. And what would any of the Senate's most esteemed former Finance chairmen – Clay, Calhoun, and Webster – say if it were his committee being sidelined for such a critical debate? Such a situation with Medicare is unprecedented.

Since becoming Majority Leader a year ago, Senator Daschle has more than once usurped the Finance Committee's authority. Yet this week's action by the Majority Leader goes a step further. He bypasses the committee of jurisdiction and bypasses the chairman to serve as floor manager on major entitlement reform. Of the more than two dozen successful attempts to reform Medicare over the last three and half decades, the Finance Committee has been a key player virtually every time [see attached table prepared by RPC], and certainly on any of the major reforms.

Finance Committee's Historical Role on Medicare Reform Laws

The Ways and Means Committee is one of two committees in the House of Representatives with jurisdiction over Medicare. Its "Green Book," published annually, periodically provides a history of major Medicare legislation enacted into law. According to those records, it is clear that the Finance Committee historically has been a key player in any significant change to Medicare reform which became law. In addition to its involvement with the many enacted reforms, the Committee also helped draft the law that created Medicare in 1965 and the bill that was vetoed in 1995.

The attached table, prepared by RPC with assistance from CRS, the Senate Library, and the House Ways and Means Committee, lists more than two dozen Medicare-reform laws (as well as the law that created Medicare and the one in 1995 that was vetoed). In each of them, Finance played a significant part – either reporting a bill directly to the Senate, or, as in the case of the reconciliation bills, reporting its Medicare provisions to the Budget Committee (or in the case of the bill in 2000 that did not go before the Senate, negotiating the plan for the conference report). RPC looked for, but could not find, any significant reform in which Finance did not play a part. In fact, we could only find two laws in which we could not establish the committee's role: in one case, the bill simply authorized coverage for pneumococcal vaccines; and in the other, it simply extended a freeze on physician payments that had been reported by Finance and enacted the year before. Certainly such efforts were minimal compared to the proposal before the Senate today.

Clearly, the path to successful (i.e., enacted into law) Medicare reform is via the Senate's committee of jurisdiction.

Bypassing Finance is Extraordinary

Bypassing the Finance Committee for Medicare reform is itself extraordinary. Yet the reform effort being championed by the Majority Leader and his party is no plain-vanilla reform attempt: it is, in the Senator Graham's own words, "the largest expansion of the Medicare program since its inception in 1965." And the history shows that without the Finance Committee's work product behind it, a Medicare reform bill's likelihood of enactment is slim indeed.

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RPC Intern Jordana Luks provided research for this paper and prepared the attached table.

Attachment: Table prepared by RPC, entitled, "Major Medicare Reform Bills (1965-2000) Acted on by Finance Committee"